Information Request DTE-NSTAR-1-1

Please provide a complete and detailed description of each of the terms of the agreement to transfer legal and regulatory liabilities associated with Seabrook Station ("Seabrook") to the buyer, providing citations to the purchase and sale agreement and related documents.

Response

The Purchase and Sale Agreement ("PSA") (Exhibit 3) provides that, on and after the relevant closing date, the buyer will assume, satisfy or perform all of the liabilities of the relevant sellers in respect of, or otherwise arising from, the operation or use of the Acquired Assets (as defined in the PSA) other than certain specifically excluded liabilities. These liabilities to be assumed, satisfied or performed by the Buyer are described with particularity in Section 2.3 of the PSA. In addition, Section 5.7 of the PSA describes the obligations of the buyer with respect to plant personnel as of and after the closing.

Information Request DTE-NSTAR-1-2

Please provide a complete and detailed description of all legal and regulatory liabilities associated with Seabrook that will remain with the Companies after the sale of the unit.

Response

The Purchase and Sale Agreement ("PSA") (Exhibit 3) provides that the buyer shall not assume, satisfy or perform any of the liabilities listed in Section 2.4. Accordingly, the Company will be responsible for a pro-rata portion of applicable liabilities listed in Section 2.4 in accordance with the Seabrook Joint Ownership Agreement. In addition, the Company has agreed to indemnify the buyer for a pro rata portion of certain Losses (as defined in the PSA), if any, incurred by the buyer to the extent set forth in Section 9.3 of the PSA, subject to the conditions and limitations set forth in Section 9 of the PSA.

Information Request DTE-NSTAR-1-5

Please provide a chart comparing the terms offered by each of the final bidders for Seabrook with the criteria that the Companies believed were most important in selecting the winning bid.

Response

The Companies' primary goal in the Seabrook divestiture process was to select a bid that provided the Companies' customers with the maximum mitigation of transition costs. Accordingly, the Companies' main criteria for selecting the winning bid for Seabrook focused on financial considerations and the minimization of future liabilities regarding Seabrook. Accordingly, please see the Companies' response to Information Request AG-2-2 **CONFIDENTIAL** regarding key terms and financial evaluations of the final bids for Seabrook.

Information Request DTE-NSTAR-1-10

Refer to Dabbar Testimony at 13, line 19. Please describe the "adjustment provisions by which the purchase price will be adjusted at the time of closing." Also, include estimates in dollar amounts indicating how much these provisions will be adjusted.

Response

Please see Sections 2.6 and 2.9 of the Purchase and Sale Agreement ("PSA") (Exhibit 3) for a description of the purchase price adjustment provisions. The Companies do not have estimates of these adjustments because the specific amount of adjustments to the purchase price depends on facts and circumstances as of the date of the closing as applied in accordance with the specific terms and requirements of Section 2.6 and 2.9 of the PSA. After the sale of Seabrook closes, the Companies will update the Department regarding the actual adjustments to Seabrook's purchase price through Cambridge's and Commonwealth's transition cost reconciliation filing for the year 2002.

Information Request DTE-NSTAR-1-16

Please provide a comprehensive comparison of liabilities that the Companies currently have to the liabilities of the Companies under the proposed purchase and sale agreement.

Response

Pursuant to the Purchase and Sale Agreement (the "PSA") (Exhibit 3), after closing, the Companies will be liable for a pro-rata portion of the liabilities relating to Seabrook found in Section 2.4 of the PSA in accordance with the Seabrook Joint Ownership Agreement (see also Companies response to Information Request DTE-NSTAR-1-2). The Companies are currently liable for future decommissioning costs of the facility, ongoing capital expenditures and other liabilities listed in Section 2.3 of the PSA. Each of these liabilities will be assumed by the buyer after the closing of the sale of Seabrook.

Information Request DTE-NSTAR-1-18

Refer to Testimony of Robert H. Martin ("Martin Testimony") (May 17, 2002) at 6. Please explain the nature of the settlement agreement between the State of New Hampshire and the Public Service Commission of New Hampshire.

Response

The question incorrectly references the Martin Testimony in that the settlement agreement referenced by Mr. Martin on page 6 of his testimony is a settlement agreement between the State of New Hampshire and Public Service Company of New Hampshire ("PSNH"). The settlement agreement includes provisions governing PSNH's electric restructuring in New Hampshire, including the auction of Seabrook.

Information Request DTE-NSTAR-1-19

Refer to Martin Testimony at 8. Please compare the proceeds received from the sale of Canal's interest in Seabrook with the book basis of the facilities sold.

Response

Canal's portion of the gross proceeds from the sale of Seabrook 1 is $32.290 million (Exhibit 5, page 1, line 8). Canal's book value of Seabrook 1 as of February 2002 was $43.693 million (Exhibit 5, page 2, line 3).

Canal will also receive $1.022 million in gross proceeds for Seabrook 2 (Exhibit 5, page 8, line 7). Seabrook 2 has no book value because it was written off when construction was abandoned in the mid-1980's.

Information Request DTE-NSTAR-1-20

Refer to Martin Testimony at 8. Please the tax gain or loss realized as a result of the sale of Canal's interest in Seabrook.

Response

Please refer to Attachment DTE-1-20 for the estimated tax gain.

Information Request DTE-NSTAR-1-21

Refer to Martin Testimony at 8. Please provide the anticipated amount of Canal's qualified and non-qualified decommissioning trust funds transferred to FPLE Seabrook at the time of sale.

Response

As noted in response to Information Request DTE-NSTAR-1-23, Canal's current balance of qualified and non-qualified decommissioning trust funds as of April 30, 2002 is approximately $5.4 million. This balance will be further adjusted by the closing date and transferred to FPLE Seabrook at the time of sale. The additional top-off amount is currently estimated to be approximately $2 million, based on the Selling Owners NDFC required closing top-off of approximately $59 million, multiplied by Canal's approximate 3.5% ownership share of Seabrook.

Information Request DTE-NSTAR-1-22

Refer to Martin Testimony at 8. Please provide a copy of the most recent Internal Revenue Service private letter ruling approving the Companies' decommissioning ruling amounts.

Response

Please refer to Attachment DTE-1-22 for the Internal Revenue Service private letter ruling.

Information Request DTE-NSTAR-1-23

Please provide the balance in both the qualified and non-qualified decommissioning trust funds as of May 31, 2002.

Response

The Company has not yet received the May valuation. As of April 30, 2002, the Company's balance in the decommissioning trust funds was:

Qualified	$4,132,527.13
Non-Qualified	1,298,705.93
Total	$5,431,233.06

Information Request DTE-NSTAR-1-24

Refer to Martin Testimony at 8. Please explain how the amount of the decommissioning top-off payments will be determined.

Response

The amount of decommissioning top-off payments will be determined by subtracting the actual value of each selling joint owner's decommissioning trust fund as of the date of the sale from their pro-rata share of the total value of the decommissioning fund to be transferred to the buyer in accordance with the terms of the PSA. Please refer to section 5.10 of the PSA (Exhibit 3) for additional information regarding the process for determining decommissioning top-off payments.

Information Request DTE-NSTAR-1-25

Refer to Martin Testimony at 8. Please provide a copy of any private letter ruling received by Canal from the Internal Revenue Service with respect to the taxable status of the transfer of the nuclear decommissioning trust fund to FPLE Seabrook. If a private letter ruling not yet has been issued, please provide a copy of the Companies' request for an IRS private letter ruling on this matter.

Response

Please refer to Attachment DTE-1-25 for a copy of the Companies' request for an IRS private letter ruling regarding the taxable status of the transfer of decommissioning funds.

Information Request DTE-NSTAR-1-26

Refer to Martin Testimony at 8. Please describe Canal's responsibilities with respect to future decommissioning costs after its portion of the decommissioning trust fund has been transferred to FPLE Seabrook.

Response

Canal will transfer all future liability for decommissioning costs to FPLE Seabrook. Specifically, Section 2.3(e) of the Purchase and Sale Agreement provides that FPLE Seabrook will assume "all liabilities in respect of (i) the decommissioning of the Facility, (ii) the management, storage, transportation and disposal of Spent Nuclear Fuel (including, without limitation, all fees payable to DOE under the DOE Standard Contracts accrued after the relevant Closing Date) and Low Level Waste, and (iii) any other decommissioning or post-operative disposition of the Facility or any other Acquired Assets."

Information Request DTE-NSTAR-1-27

Refer to Martin Testimony at 9. Please provide the rationale supporting Canal's decision not to purchase power from Seabrook after the sale. In your response, detail the projections, assumptions and estimates used in reaching this decision, as well as all related work papers and schedules.

Response

The buyer's winning bid included the most favorable financial terms for the Companies' customers, including no requirement for a purchase power agreement after the closing. In addition, the winning bid significantly diminishes cost risks to the Companies' customers associated with future operations and maintenance expenses, capital additions and decommissioning. Information regarding the Companies' analysis of the winning bid, including projected market prices for power, may be found in response to Information Request AG-2-2 **CONFIDENTIAL** and in the Companies' Exhibit 5 **CONFIDENTIAL**.

Information Request DTE-NSTAR-1-28

Refer to Martin Testimony at 9. Please describe the mechanism by which any excess decommissioning trust funds would be returned to Massachusetts customers.

Response

Section 5.10(h) of the Purchase and Sale Agreement ("PSA") addresses Customer Contributions to Decommissioning of the Facility. Specifically, Section 5.10(h) states:

> When the Buyer or its successors have completed Decommissioning of the Facility…, (i) any remaining Decommissioning Funds determined by the NDFC to be New Hampshire customer contributions pursuant to RSA 162-F:21-b(II)(c), and (ii) any remaining Decommissioning Funds determined by the Governmental Authority having jurisdiction in Connecticut, Massachusetts and Rhode Island, as the case may be, to be customer contributions from the customers of such state under the applicable Law of such state, to the extent required by the applicable Law of such state, shall be paid by the Buyer in coordination with applicable Governmental Authority having jurisdiction in such state for the benefit of the customers of the relevant Seller or Sellers in such state.

Section 13 of the PSA defines Law as "all laws, rules, regulations, codes, injunctions, judgments, orders, decrees, rulings, interpretations, constitution, ordinance, common law, or treaty, of any Governmental Authority." The section further defines Government Authority as "any federal, state, local or other governmental, regulatory or administrative agency, commission, department, board, or other governmental subdivision, court, tribunal, arbitral body or other governmental authority."

Thus, Section 5.10(h)(ii) indicates that, should a Governmental Authority having jurisdiction in Massachusetts determine that any remaining Decommissioning Funds are customer contributions from Massachusetts, under the Law of Massachusetts, any remaining funds, to the extent required by Law in

Massachusetts, shall be paid by the Buyer, in coordination with the Governmental Authority in Massachusetts for the benefit of Massachusetts customers.

Information Request DTE-NSTAR-1-29

Refer to Martin Testimony at 10. Please expand on the statement that the sale of Seabrook will have a "direct and significant beneficial effect on Cambridge's and Commonwealth's customers".

Response

The direct and significant beneficial effect on Cambridge's and Commonwealth's customers referred to their savings and reduction in risk over the remaining life of the unit as a result of the sale. Under the existing contract, Cambridge and Commonwealth customers are ultimately responsible for their share of all costs of Seabrook's continued operation through the end of its operational life (2026), including decommissioning costs, existing net unit investment and all future capital additions. The sale of Seabrook to FPLE Seabrook relieves Cambridge and Commonwealth from all future operations costs, decommissioning contributions and capital additions. In addition, their obligation to pay for the existing net unit investment is significantly reduced (approximately 65 percent) by the gross proceeds received from the buyer. Accordingly, the removal of these liabilities from Cambridge's and Commonwealth's customers, translating into approximately $7 million in savings, provides a direct and significant beneficial effect on Cambridge's and Commonwealth's customers.

Information Request DTE-NSTAR-1-30

Refer to Martin Testimony at 12. Please describe the "10 percent adjustment associated with the investment in Seabrook Unit 2".

Response

The 10 percent adjustment associated with Canal's Seabrook Unit 2 investment arises from the FERC-approved settlement agreement at the time construction of Unit 2 was abandoned. At that time, Canal was granted recovery of 90 percent of its committed Seabrook 2 investment and estimated cost of removal of the incomplete unit. This amount was collected from Cambridge and Commonwealth over a 10-year period. The remaining 10 percent was borne by shareholders. The 10 percent adjustment included in this filing carries forward the 90 percent recovery principle.

Information Request DTE-NSTAR-1-31

Refer to Martin Testimony at 12. Please describe the transfer and sales taxes anticipated as a result of the sale of Canal's interest in Seabrook.

Response

The transfer and sales taxes associated with the sale of Seabrook are described generally in Section 8 of the Purchase and Sale Agreement (Exhibit 3). The Companies have no estimates at this time regarding the amount of such taxes.

Information Request DTE-NSTAR-1-32

Refer to Martin Testimony at 13-14 and to Exhibit 5, at 3. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, and memoranda, pertaining to the determination of the incremental operating costs.

Response

Please refer to the Company's response to Information Request AG-2-7.

Information Request DTE-NSTAR-1-33

Refer to Martin Testimony at 13-14 and to Exhibit 5, at 4. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, and memoranda, pertaining to the determination of the avoided capital additions.

Response

The avoided capital additions are based on forecasted Seabrook capital additions of $14 million per year (stated in 2002 dollars) multiplied by Canal's 3.52317 percent share. The NAESCo-supplied capital forecast of $12 million (shown in Attachment AG-2-7(b), page 31) was adjusted upward by Canal to reflect historical levels. Going forward, this amount is inflated at a rate of 3 percent per year.

Information Request DTE-NSTAR-1-34

Refer to Martin Testimony at 13-14 and to Exhibit 5, at 5. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, and memoranda, pertaining to the determination of the avoided transmission costs.

Response

The avoided transmission costs included in Exhibit 5, page 5 are based on 2001 actual transmission charges of approximately $205,000 and escalated by 3 percent per year going forward.

Information Request DTE-NSTAR-1-35

Refer to Martin Testimony at 13-14 and to Exhibit 5, at 6. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, memoranda, pertaining to the inputs and method used to determine the estimated market price of power under the Henwood model.

Response

As noted in response to Information Request AG-2-4 the Companies do not possess a copy of the Henwood Study. However, it is the Companies' understanding that JPMorgan has a copy of the Henwood Study, which is the subject of a confidentiality agreement between JPMorgan and Henwood Energy Services. Further, the Companies have been informed by JPMorgan that JPMorgan is endeavoring to resolve disclosure matters with Henwood Energy Services and that provision of the Henwood Study awaits resolution of discussions between JPMorgan and Henwood Energy Services. The Companies will supplement this response as information from the Henwood Study becomes available. Inputs used by the Companies from the Henwood model may be found in the Companies' responses to Information Request AG-2-2 **CONFIDENTIAL** and the Companies' Exhibit 5 **CONFIDENTIAL**.

Information Request DTE-NSTAR-1-36

Refer to Martin Testimony at 13-14 and to Exhibit 4. Please provide the original Power Contract and all the Amendments to it, from First to Eighth.

Response

Please see Attachment DTE-1-36, which includes: (1) a composite, conformed copy of the original Power Contract that includes the first through fifth amendments of the Power Contract; and (2) the sixth, seventh and eighth amendments to the Power Contract.

Information Request DTE-NSTAR-1-37

Refer to Martin Testimony at 13-14 and to Exhibit 4. Please indicate the power purchase prices, with a breakdown of the price for capacity and energy paid by Cambridge and Commonwealth to Canal for Seabrook's output from the commencement of its operation through 2002.

Response

Please see Attachment DTE-1-37.

Information Request DTE-NSTAR-1-38

Refer to Martin Testimony at 13-14 and to Exhibit 5. Please state and explain the discount rate used to calculate the net present value.

Response

The 10 percent discount rate used in this analysis is an approximation of Canal's 9.91% effective cost of capital for billing purposes. In accordance with the terms of the current FERC approved power contract, Canal's capital structure is assumed to be 50/50 debt/equity. Canal does not have any long-term debt so its parent company's cost of debt is substituted in accordance with the terms of the contract. Canal's current allowed return on equity is 11.72%. Please refer to Attachment DTE-1-38 for the actual calculation.

Information Request DTE-NSTAR-1-39

Refer to Martin Testimony at 13-14 and to Exhibit 5. Please provide actual capacity factors ("CF") of Seabrook for each of the last ten years of its operation and the US average CF data for nuclear power plants during the same period (providing data for pressurized water reactors, boiling water reactors, and combined).

Response

Seabrook's actual capacity factor for each of the last ten years is presented below.

Year	CF
1990*	82.4
1991	67.6
1992	77.9
1993	89.8
1994	61.6
1995	83.2
1996	96.8
1997	78.3
1998	82.7
1999	85.8
2000	78.1
2001	85.9
2002**	81.5

* Seabrook first generated power on 5/29/90. The CF for 1990 is for the period 5/29/90 – 12/31/90.
** The CF for 2002 is for the year to date May 30, 2002.

The Company does not have the same data for the US average CF by plant type. However to assist the Department in its evaluation, Attachment DTE-1-39(a) contains data downloaded from the Nuclear Energy Institute website (www.nei.org) showing historical CF's for all US plants for 1998 – 2000. Also included as Attachment D.T.E.-1-39(b) is the lifetime cumulative capacity factors of the 18 large Westinghouse plants that are similar in design and vintage to Seabrook that have become operational since 1985.

Information Request DTE-NSTAR-1-40

Refer to Martin Testimony at 13-14 and to Exhibit 5. The Companies, in their estimation of the market price of power and incremental operating costs, assume that Seabrook's CF in an outage year and in a non-outage year would be 89.1 percent and 95.7 percent, respectively. Please prepare and provide a sensitivity analysis of the stranded costs for the following scenarios: (1) CF reduced by 5%; (2) CF reduced by 10%.

Response

Please refer to Attachment DTE-1-40 **CONFIDENTIAL** for the requested calculation. Changing the CF reduces the expected MWH generated, thereby reducing the value of the Estimated Market Price of Power calculated on Exhibit 5, page 6, which increases the net savings of the transaction. For example, reducing the CF by 5% changes the economics of the transaction by $6.253 million. Reducing the CF by 10% changes the economics of the transaction by $12.507 million.

The attachment contains confidential and competitively sensitive market information. Accordingly, the Companies requests that this document be protected from public disclosure, as detailed in the Company's June 24 Motion for Protective Treatment, filed separately. In addition, the attached material is subject to the Non-Disclosure Agreement executed between the Attorney General and the Companies relative to this proceeding.

Information Request DTE-NSTAR-1-41

Refer to Martin Testimony at 7-8. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, and memoranda, pertaining to the determination of the estimated buyout amount of $14.4 million.

Response

The $14.4 million estimated buyout amount referred to by Mr. Martin on page 11 of his testimony is based on the pro forma journal entries submitted in Canal's FERC section 203 filing requesting authorization to dispose of jurisdictional assets. A copy of the applicable page of this filing is provided as Attachment DTE-1-41. The total of $14.4 million includes $11.635 million of assets remaining on Canal's books after the sale, plus $2.068 million as an estimated decommissioning top-off (both in bold on the attachment) and an additional $0.7 million in estimated transaction costs per Exhibit 5, Page 7.

Information Request DTE-1-42

Refer to Martin Testimony at 13-14 and to Exhibit 5, at page 6. Please indicate the sources of information used by the Companies in their assumptions regarding the market prices and value of power from the year 2003 to 2026. Please indicate whether, and if so, how, the results would change if the forecast market prices are consistent with the current projections of the U.S. Energy Information Administration (EIA).

Response

The source of information used by the Companies regarding the market prices and value of power from the year 2003 to 2026 was the Henwood study referenced in Exhibit 5 of Mr. Martin's testimony. In addition, the Companies performed a sensitivity analysis from the Henwood study (See Attachment AG 2-2) **CONFIDENTIAL**. The current projections of the U.S. Energy Information Administration ("EIA") generally show the average retail electricity prices across the United States declining from 6.7 cents per kilowatt-hour in 1999 to 6.0 cents per kilowatt-hour in 2020, with current prices indicated in the EIA forecast as hovering in the 6 cent per kilowatt-hour range. The EIA forecast reflects retail prices and the Henwood forecast reflects wholesale prices; therefore, a meaningful comparison of the results can't be performed with the EIA information. Moreover, given the current wholesale price of electricity in the region, which is approximately in the 3-4 cent per kilowatt-hour range, the EIA forecast does not appear to be an accurate barometer of likely wholesale electricity prices for comparison purposes.